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## IN THE UNITED STATES DISTRICT COURT

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## FOR THE NORTHERN DISTRICT OF CALIFORNIA

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GEO. M. MARTIN COMPANY, a  
California corporation, and THE MARTIN  
FAMILY TRUST – 1989,

No. C 07-00692 WHA

9

Plaintiffs,

10

v.

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12

ALLIANCE MACHINE SYSTEMS  
INTERNATIONAL, LLC, a Wyoming  
corporation,

**ORDER GRANTING  
DEFENDANT'S RULE 50  
MOTION ON THE ISSUE  
OF OBVIOUSNESS**

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Defendant.

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**INTRODUCTION**

16

In this patent infringement action, defendant Alliance Machine Systems International, LLC, moves for judgment as a matter of law on the issue of obviousness after a two-week jury trial that resulted in a hung jury. For the reasons set forth below, Alliance's motion is **GRANTED**.

17

**STATEMENT**

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The history of this case has been explained in prior orders. In brief, plaintiff Martin Family Trust is the assignee of United States Patent No. 6,655,566 B1, and plaintiff George M. Martin Company practices the claimed method as the Trust's exclusive licensee.

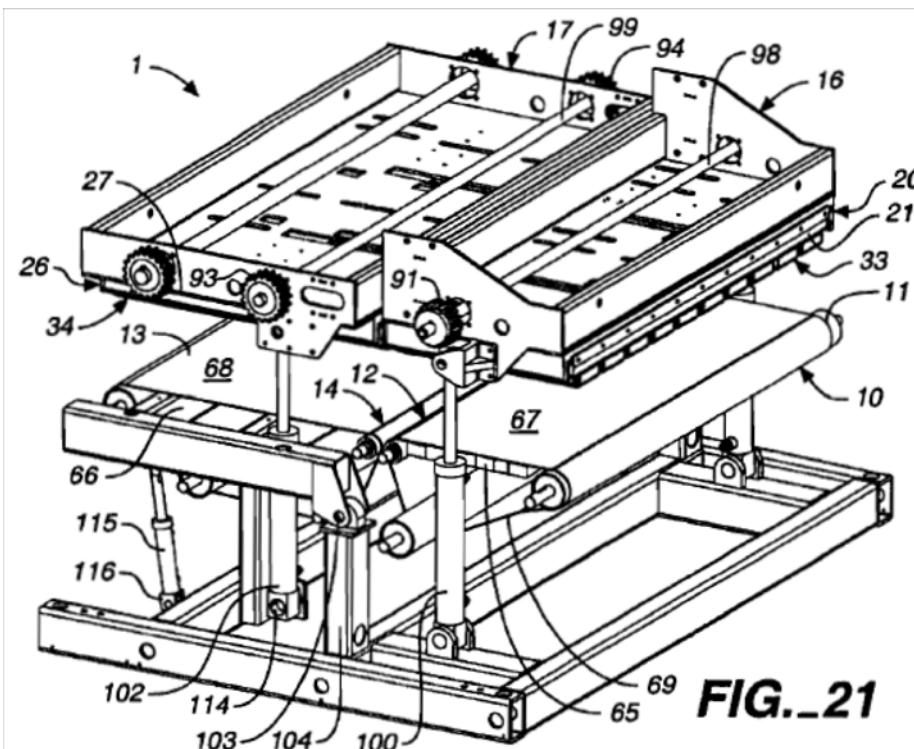
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The patent itself is directed to an improvement in bundle breakers. Bundle breakers are industrial machines that break stacked sheets of corrugated or other material, called "logs," along perforated, scored or otherwise weakened lines into "bundles" (col. 1:5–15). These machines are frequently used in the corrugated cardboard industry but can be used on a variety of materials such as corrugated paper or board, composition roofing shingles, and paper, plastic, or glass plates (col. 1:17–23).

1 A bundle breaker is used in an assembly line, usually near the end of the line. Before  
 2 reaching a bundle breaker, material such as corrugated board is cut into the desired shape and  
 3 perforated, usually using a rotary die cutter. The resulting sheets are stacked into logs, each log  
 4 about two feet high, and the logs are moved into position along a conveyor belt. Each sheet in the  
 5 log has a weakened (or perforated) line along which all of the sheets will eventually be broken,  
 6 said weakened lines arranged one on top of another so that they align vertically from the bottom  
 7 of the log to the top of the log. So arranged, the log can be broken in half in one fell swoop.

8 A bundle breaker has two conveyor belts: an *upstream* conveyor belt and a *downstream*  
 9 conveyor belt. Logs are moved to straddle the gap between the conveyor belts, where they are  
 10 halted, are clamped into position, and are broken by pivoting one of the conveyor belts while the  
 11 other belt and clamp holds the other side of the log in a fixed position. All of this was well known  
 12 in the prior art.

13 A view of the patented bundle breaker is shown below, but prior art machines looked  
 14 similar in all the major features:



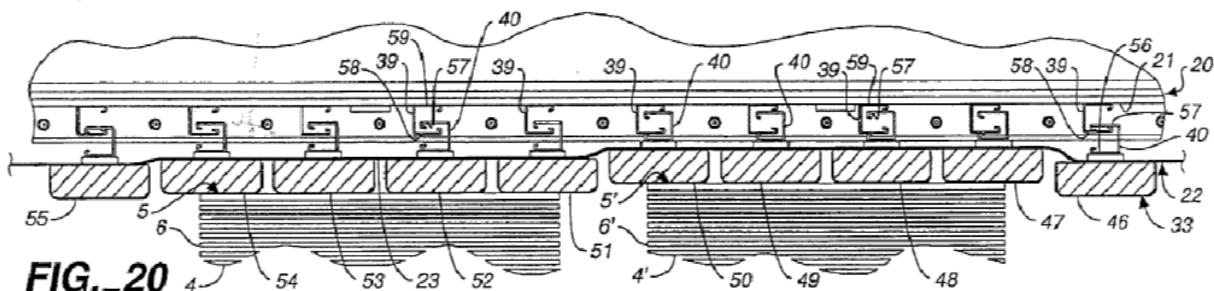
28 Figure 21 from '566 Patent

1 As stated, bundle breakers were well known in the prior art. Bundle breakers wide enough  
 2 to accommodate two or more side-by-side logs at once were also known. Earlier machines also  
 3 used pivot action as the means to break the logs.

4 The patent in suit was aimed at a way to send two or more logs through side by side and to  
 5 break them in one pivot of the conveyor belt and *to accommodate slightly different log heights in*  
 6 *doing so*, the italicized language being the supposed improvement over the prior art.

7 To speed up the assembly line, it has long been desirable to break multiple logs  
 8 simultaneously rather than one log at a time. As stated, the prior art already allowed breaking of  
 9 several side-by-side logs simultaneously. One challenge for side-by-side logs, however, occurred  
 10 when the logs were of slightly different heights such as 26 inches versus 25 and a half inches. As  
 11 a result, a prior art clamping mechanism would put more pressure on the taller log and less on the  
 12 shorter log. This would invite the logs to slip out of position or possibly crush the taller one. The  
 13 prior art referred to this as “lack of compliance”(col. 2:22–31). The ’566 patent was directed to a  
 14 supposed new way to solve the compliance problem.

15 The ’566 patent described an improvement to bundle breakers using a “compliance  
 16 structure” that adjusted to the different heights.



1 bundle breaker could clamp taller and shorter logs securely without damaging the resulting  
2 bundles and could break one and all simultaneously. (Of course, if the overall clamping pressure  
3 was set too high, then the bundle breaker would crush all of the logs but at least it would not crush  
4 a log simply because it was too tall.)

5 After Martin came out with its new bundle breakers, Alliance responded with its own new  
6 entry. Martin then accused Alliance of infringing the '566 patent. This order assumes for the sake  
7 of argument that the accused device did and still infringes.

8 After extended discovery and motion practice, the case was ready for trial. A bench trial  
9 was first held on "standing" to determine whether Martin was actually the *exclusive* licensee of the  
10 '566 patent and a proper plaintiff. After hearing two days of evidence, the Court found that Martin  
11 was the oral exclusive licensee of the '566 patent and a proper party to the lawsuit. A jury trial on  
12 the issues of infringement and invalidity came next. Martin asserted claims 1, 2, 3, 4, 7, 13, and  
13 14. Claim 1 was the only independent claim asserted. It provided in relevant part (col.  
14 16:56–17:3):

15 An improvement in a bundle breaker for separating bundles from a log  
16 having a generally planar top surface,

17 said log including a plurality of sheets each having a generally  
18 planar top surface and each sheet is formed with at least one  
weakened line,

19 said weakened lines are vertically aligned in said log forming  
20 a weakened plane in said log, said bundle breaker including a first  
conveyor for conveying said log and having an upstream end for  
receiving said log and a downstream end,

21 and a second conveyor having an upstream end positioned  
22 immediately adjacent to said downstream end of said first conveyor  
providing a gap therebetween defining a bundle breaking plane,

23 said bundle breaker including first clamp means mounted for  
24 vertical reciprocating movement above said first conveyor,

25 and said second clamp means mounted above said second  
26 conveyor for vertical reciprocating movement in relation to said  
second conveyor and

27 said second conveyor and said second clamp means mounted  
28 for conjoint pivotal movement in relation to said bundle breaking  
plane for progressively breaking a bundle from said log along said  
weakened plane in said log,

1                   said improvement comprising:

2                   (a) a first compliance structure mounted on said first  
3                   clamp means including,

4                   (1) a first fluid pressurized structure having a  
5                   first flexible member presenting a first engagement area for operative  
6                   engagement with an upstream portion of said generally planar top  
7                   surface of said log and on the upstream side of said weakened plane  
8                   in said log; and

9                   (b) a second compliance structure mounted on said  
10                  second clamp means including,

11                  (1) a second fluid pressurized structure having  
12                  a second flexible member presenting a second engagement area for  
13                  operative engagement with a downstream portion of said generally  
14                  planar top surface of said log and on the downstream side of said  
15                  weakened plane in said log.

16                  Alliance contended that all claims were invalid based on anticipation, on sale, and obviousness  
17                  grounds. The trial lasted two weeks and after four days of deliberation the jury announced it could  
18                  not reach a verdict. Alliance now moves for judgment as a matter law on the issue of invalidity.<sup>1</sup>

#### ANALYSIS

19                  Pursuant to Rule 50(a)(1), judgment as a matter of law may be granted against a party if  
20                  it “has been fully heard on an issue and there is no legally sufficient evidentiary basis for a  
21                  reasonable jury to find for that party on that issue.” Alliance moves for a judgment as a matter  
22                  of law as to invalidity on two separate grounds: anticipation and obviousness. This order only  
23                  reaches the latter ground.

24                  A patent is presumed valid, and the burden of establishing invalidity as to any claim of a  
25                  patent rests upon the party asserting such invalidity. 35 U.S.C. 282. Invalidity must be proven  
26                  by clear and convincing evidence. Although not susceptible to precise definition, “clear and  
27                  convincing” evidence has been described as evidence which produces in the mind of the trier of  
28                  fact “an abiding conviction that the truth of [the] factual contentions are ‘highly probable.’”

*Colorado v. New Mexico*, 467 U.S. 310, 316 (1984).<sup>2</sup>

<sup>1</sup> No summary judgment motion relating to validity was ever made by either party.

<sup>2</sup> Unless indicated otherwise, internal citations are omitted from all quoted authorities.

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Under 35 U.S.C. 103, a patent may not be obtained if the differences between the claimed invention and the prior art would have been “obvious” at the time the invention was made to a person having ordinary skill in the art to which the patent is directed. The Supreme Court recently addressed the issue of obviousness in *KSR Int'l Co. v. Teleflex, Inc.*, 127 S.Ct. 1727 (2007). In so doing, the Supreme Court emphasized that the obviousness inquiry is pragmatic and flexible: “A person of ordinary skill is also a person of ordinary creativity, not an automaton.” *Id.* at 1742. The Supreme Court further stressed that if a person having ordinary skill in the art would have been able to implement a predictable variation of the prior art to yield the claimed invention, Section 103 would likely bar patentability. As the Supreme Court stated in *KSR Int'l Co.*, 127 S.Ct. at 1740–41:

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.

Where there is “a design need or market pressure” to solve a particular problem and there are only a discrete number of predictable solutions that led to the anticipated success of the patent, “[the patent] is likely the product not of innovation but of ordinary skill and common sense.” *Id.* at 1742.

In evaluating the question of obviousness, the scope and content of the prior art are to be determined, the differences between the prior art and the claims at issue are to be ascertained, and the level of the person having ordinary skill in the art is to be resolved. After such analysis, secondary considerations such as commercial success and failure of others may be considered as indicia of obviousness or nonobviousness. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966).

At trial, several prior-art devices were studied. Those devices were the Visy, Pallmac, and Tecasa machines. The level of ordinary skill in the art was not in dispute. This order finds that the only reasonable view of all of the evidence is that the claims in suit were obvious and that this was clear and convincing on the trial record. Alliance’s Rule 50 motion on obviousness must be

**GRANTED.**

## **1. SCOPE AND CONTENT OF THE PRIOR ART.**

## A. Visy Machine.

3 Many years before the alleged invention, the Visy device was designed by a former  
4 Alliance employee, Travis Hanson, specifically for a corrugated-board company in Australia, the  
5 Visy company, that had requested bundle breakers that could accommodate bundles of uneven  
6 heights. As shown below in Figure A, the Visy device had steel U-shaped grippers attached to its  
7 upper clamping mechanism with air bags located inside the grippers.

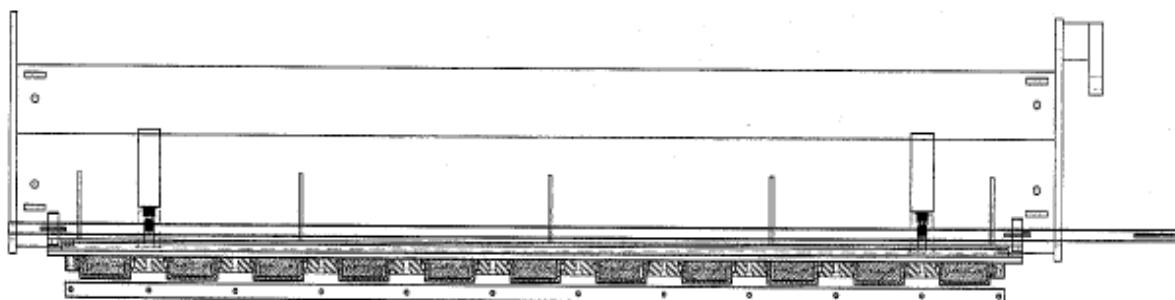


Figure A: Side View of Visy Device

15 Flexible air tubing connected all of the air bags so as to allow the air pressure to equalize and to  
16 apply the same downward force across all grippers. Logs of uneven height would then come onto  
17 the conveyor belts, the grippers would lower, and as the grippers engaged the logs, air would be  
18 pushed in and out of the air bags in proportion to the pressure on each so as to redistribute and  
19 more equalize the pressure.<sup>3</sup> *This was exactly the principle espoused in the patent in suit.*

The Visy device was not before the examiner. The device was designed in 1995. The filing date on the '566 patent was seven years later. It was stipulated to at trial that the Visy device was sold in the United States well before the invention date claimed for the '566 patent by Martin. In addition, Martin only argued that a few claim limitations were not found in the Visy device. Those limitations were: (i) "compliance structure" in claim 1; (ii) "presenting a first engagement area for operative engagement" in claim 1; (iii) "with at least one log having a height greater than at least one other log" in claim 3; (iv) "have a width extending substantially the width of said logs" in claim 4; and (v) "closely spaced" in claim 7. At trial, plaintiffs conceded that eight

<sup>3</sup> The physical structure of the Visy device was undisputed.

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1 copies of the machine were made and installed in a Visy production line in Australia. Plaintiffs  
2 concentrated their fire on the contention that the eight copies were dogged by operational problems  
3 and therefore “didn’t work.”<sup>4</sup>

4 The Visy device included a total of 22 air bladders: eleven upstream and eleven  
5 downstream. The eleven on top were interconnected. The eleven on bottom were interconnected.  
6 Logs of uneven heights would be conveyed across the upstream and downstream belts. The upper  
7 clamping mechanism, along with the grippers, would then lower and apply force across the logs.  
8 Because the grippers would contact the taller log first, a greater force would normally be exerted  
9 across the taller log. The air bags located inside the grippers, however, would deform (much the  
10 same way as taught in the ’566 patent) and instantly push out air into the other air bladders in the  
11 system, including to the bladders in the grippers located above the shorter log. In this way, much  
12 of the force on the taller log was re-distributed to the shorter log.

13 Daniel Talken, a named inventor of the ’566 patent and Martin’s corporate representative,  
14 openly admitted to the deforming capacity of the Visy machine:

15 Q. And this is the air seal that’s inside the gripper. And the gripper  
16 pushes up onto that air seal, correct, and that moves up as well,  
correct?

17 A. That’s correct.

18 Q. And when it pushes up far enough, it will press up against this  
19 plate, and compress that air seal a little bit, correct?

20 A. Correct.

21 Q. And that will push the air out of that particular air seal, and it will  
22 circulate to the other air seals, because they’re all plumbed together,  
correct?

23 A. That’s correct.

24 Martin’s expert, Dr. Albert Karvelis, confirmed (Tr. 1859:23–1860:19):

25 Q. Now you would agree with me, Dr. Karvelis, that the air bladders  
26 in the Visy air clamping option were connected to each other. Is that  
right? You’d agree with that, right?

27 A. There [sic] are fluid dynamically connected.

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28 <sup>4</sup> Martin also disputed the general claim language stating “[a]n improvement in a bundle breaker.”

1 Q. Well they were plumbed together, right?

2 A. Yes, two different ways, and during the life of the Visy machine  
3 -?

4 Q. And initially they were all interconnected. They had 11 air  
5 bladders running across the width of the machine. And those were all  
6 interconnected, right?

7 A. Again, yes. If you mean interconnected in the two different that  
8 Visy – they attempted to connect them both directly A, to B, to C, to  
9 D.

10 \* \* \*

11 Q. And you would agree with me that those connection allow the air  
12 to flow between the air bags in the Visy air clamping option at sonic  
13 velocities, right?

14 A. Yes, that's true.

15 Q. And “sonic velocities” means the speed of sound, or thereabouts?

16 A. Yes, sir, that's true.

17 Significantly, the term “compliance structure” appearing in claim 1 was construed to mean “a  
18 structure that deforms to allow a *more uniform* distribution of force.” This is exactly what the  
19 Visy machine did. Talken’s own self-run tests on a Visy replica machine (constructed by Martin)  
20 conclusively established that the Visy machine provided a more uniform distribution of force  
21 across logs of differing heights. Talken first tested the amount of force that was applied by a  
22 bundle-breaking device identical to the Visy machine except that the device had flat solid platens  
23 that could not move (as opposed to the deformable structure of the Visy machine) on two logs of  
24 differing heights. The test showed that the difference in the force applied to the tall log and the  
25 short log on the solid-platen device was 1200 lbs. When the same test was run on the Visy replica  
26 machine, the difference was only 450 lbs.<sup>5</sup>

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27 <sup>5</sup> Talken maintained that the relevant inquiry to his test was how the force was applied across a given  
28 area and not the absolute force actually applied — *i.e.*, the applied pressure is what allegedly matters. This  
argument fails for two reasons. *First*, the asserted claims do not require that “equal pressure” be applied to the  
two logs. All they require is that there be a more uniform distribution of *force*. In fact, during the claim  
construction briefing, Martin expressly rejected the idea that the claims required an equal pressure to be applied  
to the logs: “While the specification refers to situations where the pressure on the logs will be the same, the  
claims contain no such requirement, nor is any such requirement necessary to satisfy the purpose of the  
invention” (Martin Claim Const. Brief, Dkt. 41, at 12). Martin cannot have it both ways. *Second*, that the Visy  
machine may have applied too much force on a select area thereby damaging a log only speaks to whether or not

1       The main argument raised by Martin at trial was that the Visy machine was not prior art  
2 because it allegedly failed to work for its intended purpose. In order to qualify as prior art, a  
3 reference “must be sufficient to enable one with ordinary skill in the art to practice the invention.”  
4 *Minnesota Min. & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002). “An  
5 invention is reduced to practice when it works for its intended purpose. An invention is said to  
6 work for its intended purpose when there is a demonstration of its workability or utility.”  
7 *Atlanta Attachment Co. v. Leggett & Platt, Inc.*, 516 F.3d 1361, 1366–67 (Fed. Cir. 2008).

8       An alleged problem with the Visy machine, as argued by Martin, was that its grippers were  
9 spaced more widely apart than the Marin design, causing too much pressure to be exerted on the  
10 bundles leading to dents (in the logs) during breaking. Although the evidence is somewhat  
11 competing, Martin proffered testimony and documents from former Visy operators demonstrating  
12 that the Visy machine had some problems running in a day-to-day commercial environment  
13 because, at times, it damaged boards and broke down. For its part, Alliance proffered testimony  
14 from other operators demonstrating that the Visy machine performed relatively successfully and  
15 was able to effectively break bundles of differing heights.

16       Even if Martin’s proffered evidence is fully credited, however, the Visy machine still  
17 qualifies as prior art. The evidence is undisputed that the Visy machine was capable of regularly  
18 breaking logs of varying height. To argue otherwise, Martin took refuge in a mantra, heard over  
19 and again before the jury, that the Visy machines had to reach a commercially satisfactory stage in  
20 order to qualify as prior art. “However, there is certainly no requirement that an invention, when  
21 tested, be in a commercially satisfactory stage of development in order to reduce the invention to  
22 practice.” *DSL Dynamic Sciences Ltd. v. Union Switch & Signal, Inc.*, 928 F.2d 1122, 1126  
23 (Fed. Cir. 1991); see also *Barmag Barmer Maschinenfabrik AG v. Murata Machinery, Ltd.*,  
24 731 F.2d 831, 838 (Fed. Cir. 1984) (“[I]t is immaterial that the device was a makeshift or ‘Rube  
25 Goldberg’ embodiment”). All that is required is that the device be in a substantial form “which  
26 demonstrate[s] at once its practical efficacy and utility.” *Coffin v. Ogden*, 85 U.S. 120, 124  
27 (1873).

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28       it was a commercially satisfactory product — an issue which is addressed further below.

1       That test was plainly met here. No doubt, the Visy machine had its problems on the  
2 manufacturing floor and dented some boards, but the germane evidence shows that the Visy  
3 machine broke multiple logs of uneven heights on a regular basis. It did not operate flawlessly but  
4 it operated on exactly the same principle espoused in the patent as the essence of the invention —  
5 a hydraulic flexible system installed on the upper set of clamps.

6       It can also not be forgotten that the relevant comparison is between the claims and the prior  
7 art reference. In this regard, the claims do not require that the invention break bundles flawlessly.  
8 On multiple occasions, as stated, Martin has urged that the pertinent inquiry is whether or not the  
9 prior art reference worked for its intended purpose as defined by customer satisfaction.  
10 (Eventually Visy disabled the machines after at least months of production-line usage.) This is not  
11 the proper test. Rather, the prior art reference must work for its intended purpose within the  
12 meaning of the patent. *See Atlanta Attachment Co.*, 516 F.3d at 1367 (“Moreover, because  
13 vibration-free operation was not a claimed feature, it would only be relevant if the vibration  
14 actually prevented workability or utility of the invention. Atlanta Attachment has not presented  
15 such evidence”); *see also z4 Technologies, Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1352 (Fed. Cir.  
16 2007) (“We agree. z4’s patents do not disclose a method or apparatus to completely eliminate  
17 software piracy, and the claim language indicates that the purpose of the invention is merely the  
18 reduction, rather than the elimination, of such piracy”). When the proper standard is applied, it is  
19 apparent that the Visy machine worked sufficiently for its intended purpose as contemplated by the  
20 asserted claims.<sup>6</sup>

21       Martin also argues that the Visy machine should not be considered as prior art because it  
22 was allegedly abandoned. Under 35 U.S.C. 102(g), a reference is not prior art if it was  
23 “abandoned, suppressed, or concealed.” This can occur in one of two ways. “The first is  
24 implicated when an inventor actively abandons, suppresses, or conceals his invention from the  
25 public. The second occurs when abandonment, suppression, or concealment may be inferred

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27       <sup>6</sup> At various points throughout its briefing, Martin has sought to redefine the claims and “intended  
28 purpose” of the claimed invention by importing several limitations discussed in the specification — *see, e.g.,*  
note 3 above. Such importation would be inappropriate for it is “the words of the claims [that] define the scope  
of the patented invention” and not any further limitations set forth in the specification.

1 based upon the prior inventor's unreasonable delay in making the invention publicly known."

2 *Dow Chemical Co. v. Astro-Valcour, Inc.*, 267 F.3d 1334, 1342 (Fed. Cir. 2001). Martin has not  
3 specified which type of abandonment it alleges. Under either theory, however, there was no  
4 abandonment. Significantly, the parties have stipulated that the Visy machine was sold in the  
5 United States in 1996. There is no evidence that the sale was made in secret or that the Visy  
6 machine was hidden from the public. Instead, Martin only relies on the fact that no patent  
7 application was filed on the Visy machine and on its argument that nobody further developed the  
8 Visy design after March 1997. (No patent application was filed, it would appear, because no one  
9 thought it worthy of a patent.) Such scant evidence does not nearly rise to the level required for  
10 abandonment. As well, Martin never even requested that the jury be given an instruction regarding  
11 abandonment at the charging conference.

12 In addition, while a prior art reference "must be enabling in order to qualify as an  
13 anticipatory reference under Section 102(b), a reference may qualify as a prior art reference under  
14 Section 103 even if it is non-enabling." *Symbol Technologies, Inc. v. Opticon, Inc.*, 935 F.2d  
15 1569, 1577 (Fed. Cir. 1991). Accordingly, assuming *arguendo* that the Visy machine did not  
16 "work for its intended purpose," it would still be an appropriate obviousness reference for anything  
17 that it did teach. Plainly, it used and taught the hydraulic apparatus later claimed by Martin.

18 **B. The Pallmac Machine.**

19 The "Pallmac Omni-Separator" was a bundle breaker designed by a different competitor  
20 in Europe and built and sold in the United States beginning in 1995. Pallmac went through two  
21 different designs. The first design implemented a spring system. The upper-clamping mechanism  
22 was fitted with springs and rigid members. The lower-clamping members could rise to elevate the  
23 incoming logs to the upper-clamping mechanism. In this way, logs were conveyed into the  
24 machine and clamped by the lower-clamping members against the springs and rigid members of  
25 the upper-clamping mechanism. This design did not use the hydraulic principle (but used springs  
26 that acted independently of each gripper).

27 With time, however, Pallmac switched to a new design because the spring-based system  
28 required too much maintenance. The springs on the upper clamping mechanism were eliminated

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1 altogether. The new design had rigid members and a compliance structure on the bottom of the  
2 machine as shown below. This second design used the hydraulic principle. This too was prior art.  
3



17 View Of Pallmac Conveyor Belts and Rigid Members

18 Logs were moved onto the machine using a series of "rope conveyors." The rigid members (which  
19 were attached to an air bladder and were interleaved between the rope conveyors) would rise and  
20 could deform depending on the height of the logs being broken.

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22  
23  
24  
25  
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15 View of Rigid Members and Breaking

16 The air bladder was simply a “fire hose.” As seen below, the fire hose was essentially a long tube  
17 with compressed air inside that was clamped and sealed on both ends.



28 End View of Fire Hose

1 Although this design was partially disclosed to the examiner, Alliance argues the disclosure was  
 2 inadequate or incomplete.<sup>7</sup>

3 At trial, Martin did not dispute that the Pallmac machine had a compliance structure with a  
 4 flexible member (the fire hose). Martin Inventor Talken admitted as much during his examination.  
 5 The primary difference highlighted by Martin between the Pallmac machine and the claimed  
 6 invention was that the Pallmac machine clamped incoming logs with a compliance structure from  
 7 the *bottom* whereas the claimed invention did so from the *top*. The only other alleged significant  
 8 differences were that the Pallmac did not have “closely spaced” rigid members as defined in claim  
 9 7 and that it did not have a structure able to “receive and hold at least two bundles broken  
 10 successively” as provided in claims 13 and 14.

### **C. The Tecasa Machine.**

12 The Tecasa bundle breaker was made by another competitor in the corrugated-cardboard  
 13 industry. At trial, the parties stipulated that the Tecasa machine met every limitation of every  
 14 asserted claim and that it was known or used in the United States as of June 2002. Again, the  
 15 ’566 application was filed on August 28, 2002. The sole issue for the jury to decide with respect  
 16 to the Tecasa machine was whether or not Martin had reduced its invention to practice before  
 17 June 2002. This order assumes that Martin did so (but please see the appendix to this order).  
 18 The Tecasa machine, however, remains still relevant in assessing secondary considerations, for it  
 19 plainly shows “simultaneous invention” as an indicia of obviousness.<sup>8</sup>

### **2. DIFFERENCES BETWEEN THE PRIOR ART AND THE CLAIMED INVENTION.**

21 “[W]hen a patent ‘simply arranges old elements with each performing the same function it  
 22 had been known to perform’ and yields no more than one would expect from such an arrangement,  
 23 the combination is obvious.” *KSR*, 127 S.Ct. at 1740 (*quoting Sakraida v. Ag Pro, Inc.*, 425 U.S.  
 24

25 <sup>7</sup> This order assumes that the Pallmac design with the compliance structure was fully disclosed to the  
 examiner.

26 <sup>8</sup> In addition, and as a tangential point, it is worth noting that to meet its burden of proving an earlier  
 27 invention date, Martin relied on an inventor notebook and verbal testimony regarding the early testing of  
 28 Martin’s bundle breaker. This is the same type of evidence that Martin has criticized in conjunction with the  
 Visy machine. While Martin does argue that the evidence it used to prove an earlier invention date was vastly  
 more complete than that proffered for the Visy machine, the fact remains that there is, at a minimum, a  
 similarity in proof.

1 273, 282 (1976)). This is such a case. Martin's claimed invention is no more than a simple  
2 combination of well-known features established in the prior art — in particular, the Visy and  
3 Pallmac machines.

4 The alleged differences are minimal. With respect to the Visy machine, Martin asserts that  
5 the Visy machine had no compliance structure and that its rigid members were not “closely  
6 spaced” as provided in claim 7. The term “closely spaced” was not construed and instead was  
7 given its ordinary and plain meaning. For the reasons set forth earlier, this order rejects Martin’s  
8 argument that the Visy machine did not have a compliance structure.

9 As for the spacing, it is true that there was somewhat greater spacing on the Visy machine  
10 than the Martin machine. According to Martin, this led the Visy machine to dent some logs during  
11 the breaking process. Nonetheless, if this was a legitimate problem, it was easily fixed. “[T]he  
12 common sense of those skilled in the art demonstrates why some combinations would have been  
13 obvious where others would not.” *Leapfrog Enterprises, Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157,  
14 1161 (Fed. Cir. 2007). Both sides acknowledged at trial the fundamental principle that the force  
15 exerted on a log is directly proportional to the pressure being applied and the specific area it is  
16 applied to. In particular, force is the product of pressure and area — *i.e.*, Force = Pressure x Area.  
17 Martin Inventor Talken admitted that this fundamental and basic principle of physics was readily  
18 applicable to the field of mechanical engineering and the design of machines like a bundle breaker.  
19 Therefore, if the Visy machine dented bundles, then that risk could have been reduced by  
20 enlarging the surface area of the grippers, which might have consumed some of the empty space  
21 between the grippers. This simple solution would have been apparent to one having ordinary skill  
22 in the art.<sup>9</sup> <sup>10</sup>

23  
24 \_\_\_\_\_  
25 <sup>9</sup> The main disadvantage to positioning the grippers more closely together was that there would be a  
26 greater likelihood that a single gripper might straddle both logs being broken. Such a circumstance might be  
undesirable because the gripper would be lowered onto both logs creating a possible imbalance in the pressure  
applied to both.

27 <sup>10</sup> Martin also contended at trial that the Visy machine did not have a flexible member having “a width  
28 extending substantially the width” of the logs as stated in claim 4. Even if this contention were true, however,  
Martin did not dispute that the Pallmac machine met this limitation. One of ordinary skill in the art, having both  
devices in view, would have readily been able to recognize the possible combination.

1       With respect to the Pallmac machine, the main difference alleged was strictly limited to the  
2 top versus bottom issue. The Pallmac machine had its compliance structure on the *bottom* of the  
3 stack, whereas the claimed invention did so on the *top* of the stack. Martin's Expert Karvelis  
4 admitted that there were only a discrete number of possible design options for choosing the  
5 location of the compliance structure (Tr. 1861:18–23):

6           Q. And you'd also agree that it would be readily apparent to one of  
7 ordinary skill in the art that if one wanted to add compliance to a two-  
part clamp, there are basically three permutations. You could do it on  
8 the top clamp, you could do it on the bottom clamp, or you could do  
it on both clamps?

9           A. That's correct. That's what I said in my report.

10          Karvelis went on to explain that the disadvantages to using the bottom approach were that the logs  
11 would be exposed to "racking and lifting" which could lead to disarrangement and the design  
12 would have to include conveyor ropes which surrounded the rigid members. Conversely, one  
13 advantage of using the bottom approach was the ability to clamp closer to the plane of weakness in  
14 the logs. A top approach had corresponding advantages and disadvantages.

15           "When there is a design need or market pressure to solve a problem and there are a finite  
16 number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the  
17 known options within his or her technical grasp." *KSR*, 127 S.Ct. at 1742. *Here, the design  
18 options were well defined. The device could clamp and deform from the bottom, the top, or both.*  
19 Pallmac is an example where the designer chose to implement a *bottom* approach. On the other  
20 hand, Visy is an example where the *top* approach was employed. A skilled artisan would have  
21 plainly known these two options, indeed the only two possible solutions, appreciate the advantages  
22 and disadvantages to each, and design accordingly. Just as *KSR* teaches, the options were limited

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1 (here limited to two: top or bottom), were foreseeable, and the differences of minor importance in  
 2 terms of achieving compliance.<sup>11</sup> <sup>12</sup>

3 \* \* \*

4 In sum, the differences between the prior art and the claimed invention, if any, were quite  
 5 minimal. The hydraulic compliance structure had already been used in both the Visy and Pallmac  
 6 machines and any other slight variations between the prior art and the '566 patent would have been  
 7 apparent to one having ordinary skill in the art to adopt. The practice of breaking multiple logs  
 8 across was already well known. Viewing the prior art in whole, therefore, this order finds that on  
 9 the primary obviousness factors that the evidence is clear and convincing that there is no legally  
 10 sufficient basis on the record for a reasonable jury to conclude that all asserted claims of  
 11 '566 patent are non-obvious.

### 12       3.     SECONDARY CONSIDERATIONS.

13       The Federal Circuit has held that "secondary considerations, when present, must be  
 14 considered in determining obviousness." *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 667 (Fed. Cir.  
 15 2000); *see also Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983)  
 16 ("[E]vidence of secondary consideration may often be the most probative and cogent evidence in  
 17 the record. It may often establish that an invention appearing to have been obvious in light of the  
 18 prior art was not. It is to be considered as part of all the evidence, not just when the decisionmaker  
 19 remains in doubt after reviewing the art"). Originally, three factors were regarded as secondary  
 20 considerations: commercial success, long-felt but unsolved needs, and failure of others.  
 21 *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966). Since then, several additional  
 22 factors have been taken into account by the Federal Circuit, including: copying by others, praise

23  
 24       <sup>11</sup> During his examination, Dr. Karvelis went on to explain that while the three options were apparent  
 25 to those skilled in the art, he believed the '566 patent was the first device to successfully implement a top  
 26 approach. Dr. Karvelis' opinion, however, was premised on the incorrect assumption that the Visy machine was  
 27 a complete failure and of little consequence to the claims. His opinion is therefore rejected.

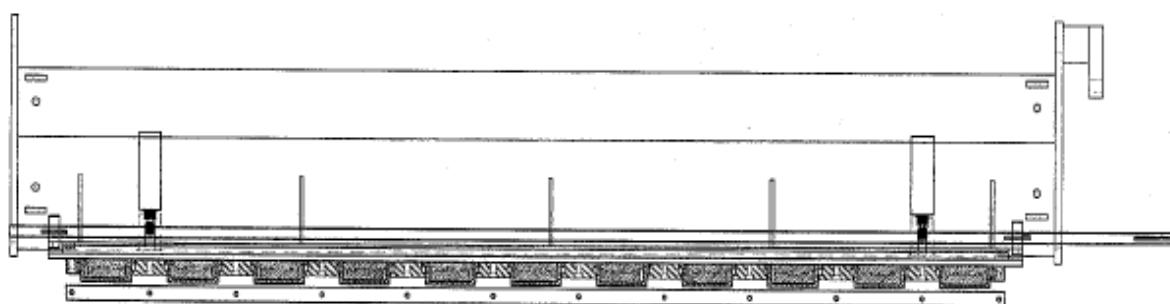
28       <sup>12</sup> Martin also contended that the Pallmac machine did not have closely spaced rigid members and a  
 29 structure able to "receive and hold at least two bundles broken successively" as provided in claims 13 and 14.  
 30 For the same reasons set forth in regard to the Visy machine, even if the Pallmac's rigid members were not  
 31 "closely spaced," such modification would have been obvious. As to the "two bundles broken successively"  
 32 limitation, although there is competing evidence as to whether the Pallmac machine had such a capability, a  
 33 skilled artisan could have made the necessary modifications in view of Visy.

1 of the invention, unexpected results, disbelief of experts, general skepticism of those in the art,  
 2 commercial acquiescence, and simultaneous development.<sup>13</sup>

3 According to Martin, the evidence of secondary considerations presented at trial shows that  
 4 the claimed invention was non-obvious. Martin relies on the following: (i) the purported success  
 5 of Martin's own bundle breaker; (ii) emails and documents written by Alliance employees  
 6 expressing competitive concern of Martin's bundle breaker; and (iii) an alleged long felt need in  
 7 the industry. Alliance, in response, argues that the alleged success of Martin's bundle breaker was  
 8 not caused by anything inventive but, instead, because Martin had strong market power in the  
 9 field. In addition, the Tecasa machine (which Martin stipulated read on all asserted claims) was  
 10 invented and sold before the filing date of the '566 patent. Martin presented evidence of an earlier  
 11 invention date in order to swear behind Tecasa.

12 It is true that Martin's bundle breaker was a commercially successful product — one that  
 13 Alliance envied in emails. As well, Alliance's allegedly infringing bundle breaker was also  
 14 successful.

15 That fact cannot alter the fact that nearly every single person or entity who encountered the  
 16 lack of compliance problems in the industry came up with the same general hydraulic design to  
 17 manage it. In 1995, Travis Hanson, a recent graduate from college, was given the task by his  
 18 employer to solve the compliance problem of trying to break multiple logs of varying heights with  
 19 a bundle breaker. He came up with the following design:



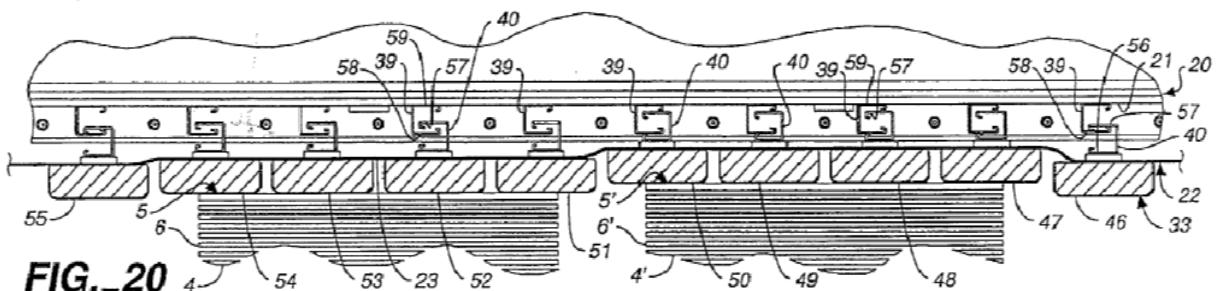
27 <sup>13</sup> See *Ecolochem, Inc. v. Southern California Edison Co.*, 227 F.3d 1361, 1379–80 (Fed. Cir. 2000);  
 28 *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 885 (Fed. Cir. 1998); *Advanced Display*  
*Sys. v. Kent State Univ.*, 212 F.3d 1272, 1285–85 (Fed. Cir. 1988); *Interconnect Planning Corp. v. Feil*, 774  
 F.2d 1132, 1144 (Fed. Cir. 1985); *EWP Corp. v. Reliance Universal, Inc.*, 755 F.2d 898, 907 (Fed. Cir. 1985).

1 || Hanson's Design in 1995

2 His design included a series of air bags connected by air tubing that could deform to the specific  
3 height of the log being broken. Eight machines based on Hanson's design were sold to Visy.

4 Seven years later, Martin was faced with the same problem and solved it in the same way.

5 The design provided to the United States Patent and Trademark office is below:



## Martin's Design in 2002

14 These designs are amazingly similar. As with Hanson's design, Martin used a hydraulic  
15 compliance structure that deformed to the height of the logs. Martin's hydraulic design was not  
16 new. In fact, years earlier, around the same time-frame that Hanson came up with his design,  
17 mechanical engineers in Europe working for Pallmac solved the lack of compliance problem by  
18 attaching an air-deforming compliance structure to the bottom of their bundle breaker. Yet again,  
19 in June 2002 — months before the '566 application was filed — engineers at Tecasa came up with  
20 the same hydraulic solution to the same problem. Indeed, the record is void of any evidence  
21 showing that anyone in the industry even used a different design solution.<sup>14</sup>

Taking this into account, this order finds that the secondary considerations also weigh in favor of a finding of obviousness. The simple fact is that when faced with the same problem the '566 patent is directed to solve, a number of previous (Pallmac, Visy) or contemporaneous (Tecasa) designers were led to the hydraulic solution. The claimed invention did not yield "unexpected results," a "disbelief by experts," or any "general skepticism." The reasons for this

<sup>14</sup> Although presented under the secondary considerations portion of this order, these facts are equally applicable to the primary obviousness factors discussed above.

1 were simple. The hydraulic principle was already known. The “invention” already discovered.  
2 And the design so acknowledged that any skepticism would have been disingenuous.

3 **CONCLUSION**

4 The evidence on primary considerations and on secondary considerations is so lop-sided in  
5 favor of obviousness that *KSR* dictates that judgment be entered as a matter of law in favor of  
6 defendant. For these reasons, Alliance’s Rule 50 motion is **GRANTED**. All other pending Rule 50  
7 motions are **MOOT**. Judgment will be entered for defendant.

8  
9 **IT IS SO ORDERED.**

10  
11 Dated: November 17, 2008.

  
12 WILLIAM ALSUP  
13 UNITED STATES DISTRICT JUDGE